

**Title:** Distribution of Funds to Local Agencies

**Purpose**

The WIC Program receives an annual grant from USDA consisting of Food funds and Nutrition Services and Administrative (NSA) funds. WIC program benefits are provided to participants by local agencies through contracts with DPHHS-WIC. NSA funds received from USDA will be provided to local agencies as allocated by the funding formula.

**Authority**

7 CFR 246.16(d)

**Policy**

The Montana WIC Program distributes NSA funds to local programs using a participant based formula.

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**I. Equitable Formula**

- A. An equitable formula will be established by the State WIC Office in conjunction with appropriate state and local agency staff. The formula will be applied statewide.

**II. Contracts/Budgets**

- A. General
  - 1. Budgets are formal quantitative plans of action, or more simply stated, a plan of how to appropriately spend the money provided. Funds for local programs are from the US Department of Agriculture, distributed through the Department of Public Health and Human Services.
  - 2. Each year local WIC program budget allocations are based on an estimated federal grant. Final federal grant awards are not known until 3 to 4 months after contracts are initiated. Once notice is received of the final grant award, local WIC program budgets may need to be adjusted accordingly.

**III. Term of Contract**

- A. Local agency contracts are renewed on the federal fiscal year. They are valid for 1 year beginning October 1 and ending September 30. Funds for that contract period must be spent or obligated prior to September 30. Excess funds cannot be carried over to another contract or carried over to a new fiscal year.

**IV. Annual Renewal and Review**

- A. Each year prior to expiration of the contracts/agreements, a review of the qualifications of local agencies to operate WIC is conducted by the State WIC Office. This review is coincident with the submission of budgets for the coming year and provides a mechanism whereby it can be assured that WIC is managed properly. The review criteria used are:
  - 1. Availability of other community resources to participants and the cost

efficiency and cost effectiveness of the local program in terms of both food and nutrition services, and administrative cost.

2. Caseload and percentage of participants in each priority level being served by the local agency and percentage of need being met in each participant category.
3. Relative position of minority and/or special populations served by the local program in the affirmative action plan.
4. The local program's place in the priority system, listed in 7CRF 246.5(d) (1).
5. Capability of another local program or programs to accept the local program as participants.
6. Cost efficiency and cost effectiveness of local agencies. This review will include, at a minimum, the following:
  - a. Current staffing ratio for certification, assessment and nutrition education for projected caseload;
  - b. Administrative cost per participant;
  - c. Utilization of in kind services;
  - d. Administrative monitoring results and corrective action plan completion; and
  - e. Plan for reaching high risk participants (Priorities I, II and III).
7. In compliance with 7CFR part 3017, certification will be included in contractor's agreements that they and any subcontractors have not been debarred or suspended.

**V. Local WIC Program Contracts/Task Orders**

- A. Local Programs contracted under the 7 year Master Contract with the Department of Public Health and Human Services (DPHHS) will receive a Task Order which is renewed annually. Local WIC Programs not contracted with a DPHHS Master Contract will receive an annual Contract with DPHHS. See Attachment I for a sample Task Order. (Task Order language is subject to change as this order is to serve solely as a sample.)

**VI. Funding Formula**

**A. Budget Allocation**

1. A funding formula is established by the State WIC Office in conjunction with state and local staff. Local program budget allocation is based on "per participant funding." Caseload is based on an average of actual participants served during a specified time period.
2. Funding is calculated for total regional clinic participation.

**B. Contract Award**

1. All contract award amounts may be subject to change. Contracts are awarded based on preliminary grant figures and assured grant award for caseload maintenance and conference/training travel. Once the State WIC Office is notified of its actual grant award, additional OA funds, potential changes may have to be made to the contract awards.

**C. Grant Award**

1. A local program may choose to decline all, or a portion of, the calculated grant award. The State WIC Office must be notified immediately of this so the award may be offered and reallocated to other local agencies.

**D. Special Circumstances**

1. No additional funds will be available for maternity leave, employee buy-outs, etc. These circumstances must be managed with the grant award already received.

**E. Operational (OA) Adjustment Funds**

1. OA funds are included in initial contract award. If OA funds are denied – adjustments will be made to contract award.

**VII. Developing a Budget**

- A. Budgets vary extensively between programs. Variables may include salaries, benefits, indirect or administrative costs, rent, cleaning, telephone or travel. There are two ways to develop a budget.
- B. Based on actual, known costs, it may be easier to calculate monthly costs then multiply by 12 to define a yearly budget. Determine hours of operation to calculate salaries. Benefits percentage is provided by your employer.
- C. As a general guideline, to determine number of FTE's needed for a WIC clinic, multiply the number of participants by .0013 for CPA time and .0026 for Aide time. This may vary per clinic depending on days of operation and computer usage.
  1. Next, determine fixed operating costs such as rent, cleaning, insurance, etc. Then determine variable operating costs such as travel, contracted services, supplies, etc. Total all for your yearly budget.

**VIII. Budget Packet Submission Timetable**

- A. A budget packet (forms and instructions) will be sent to local programs each year.
  1. See the end of this Chapter for examples of forms and instructions.
  2. Local program budget timeline.

**Deadline**

**Activity**

June 15-----	State WIC Office sends out budget packet
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July 31 -----	Local agency returns budget packet required forms to State WIC Office
August 15 -----	State WIC Office prepares contracts/task orders
August 18 -----	Contracts submitted to DPHHS Contracts Section (reservation programs first for additional review by Department of Justice.)
September 1 -----	Contracts sent to local agencies for signing.

2. The State WIC Office contracting process is very specific and must be followed explicitly to accommodate fiscal and legal requirements.
  - a. The contract has a:
    1. Liaisons (usually the people involved directly in WIC);
    2. State WIC Office Program Coordinator and whoever is responsible for WIC at the local program and;
    3. Signatory who signs the contract (usually a county commissioner, hospital administrator or tribal chairman).
  - b. The contract is sent by DPHHS Contracts Services directly to the person who signs the contract. After the original is signed by all parties, the contract takes effect.

## **IX. Allowable Expenses**

### **A. General**

1. Nutrition services and administration funds are to be used for direct or indirect costs which are necessary for the support and fulfillment of WIC program operations and objectives. All charges to the grant or contract must be actual, necessary and reasonable and obligated within the appropriate contract period, for proper and efficient Program administration.
2. Personnel Expenses are salaries and benefits for WIC program staff. This staff must provide certification/eligibility and nutrition education to WIC participants. Administrative staff performing WIC related duties is allowable.
3. Operating Expenses are non-personnel expenses required or needed for the operation of a WIC clinic. Examples of operating expenses are: travel, supplies, rent, telephone, postage, contracted services and nutrition and breastfeeding education materials.

## **X. WIC Administrative Budget**

- A. Detailed budget must be developed for personnel and operating expenses.

1. Use the following procedure to develop a budget. The budget may not exceed the amount provided for in the funding formula. The funds provided will be for the period October 1, 20XX through September 30, 20XX.

**B. Background**

1. Funds for local programs are from the US Department of Agriculture, distributed through the Department of Public Health and Human Services. Each year local program budget allocations are based on an estimated federal grant. Final federal grant awards are not known until 3 to 4 months after contracts are initiated. Once notice is received of the final grant award, it is possible that local program budgets may be in need to adjustment(s) depending upon grant award.
2. Local program budget allocations are based on per participant funding. Caseload is based on an average of actual participants served during the specified period of time. Caseload base funding is set at a flat rate per participant.

**XI. WIC Personnel Services** – see Attachment [Worksheet 1](#)

- A. Salaries - Include salaries for all personnel performing work for WIC and remember to allow for pay raises. If you anticipate hiring someone within the contract year, include his or her total FTE and list as vacant or new. Whenever possible, consider using volunteers to assist your office or sharing arrangements with adjacent counties in order to save money.
1. Benefits - Benefits include payroll taxes, insurance and other items specific to your agency.
  2. Contracted Services - Costs for personnel hired under contract (e.g., registered dietitian) should be included in operating expenses.
  3. Instructions - Following the steps below to properly complete the WIC Personnel Services Form. See Attachment [Worksheet 1](#).

Step	Action
1	Enter Agency/Clinic name
2	Enter employee names and job titles.
3	Enter WIC Generic Title of either RD, CPA, Aide or Other
4	Determine employee's full-time equivalent (FTE). Standard hours for 1.0 FTE are 2080 hours, .50 FTE is 1040 hours and .25 FTE is 520 hours.
5	Enter employee's hourly wage, annual salary and annual benefits.
6	Enter total salary and benefits for each employee.
7	Calculate cumulative totals for salaries and benefits.
8	INDIRECT (if applicable). If claiming indirect an Indirect Plan must be submitted for DPHHS approval.

9	Indicate RD status: on staff or contracted. If contracted, include a copy of RD contract.
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**XII. Contract Information** – See Attachment [Worksheet 2](#)

**A. Contract Information**

1. Provide the following contractor information on [Worksheet 2](#)
  - a. Agency name, signatory name and title, address, phone, fax, federal identification number, and email.
  - b. Contract liaison name and title, address, phone, fax and email.
  - c. Financial reporter name and title, address, phone, fax and email.
  - d. Lead public health official/CEO/agency director name and title, address, phone, fax, and email.
  - e. WIC director, name and title, address, phone, fax, and email.
  - f. Breastfeeding coordinator name and title, address, phone, fax, and email.
  - g. Training coordinator name and title, address, phone, fax and email.
  - h. Local agency retail coordinator (LARC) name and title, address, phone, fax, and email.
  - i. Registered dietitian (RD) name and title, address, phone, fax, and email.
  - j. Main clinic address, phone, fax, email and days/hours of operation.
  - k. Satellite or outlying clinic address, phone and days/hours of operation.

**IMPORTANT: Worksheet 2 must be signed by the person preparing the budget request.**

**XIII. Budget Submittal**

- A. Ensure the following is included when returning Budget Packet forms and information.
  1. Worksheet 1
  2. Worksheet 2 – signed and dated
  3. Copy of contracted services (RD, CPA, etc.) contract(s), if applicable.
  4. Indirect plan for department approval, if applicable.
- B. Submit by deadline of July 31, 2012 to: Michelle Sanchez DPHHS Nutrition Services, WIC, PO Box 202951 Helena, MT 59620-2951

**XIV. How to Monitor Budgets**

**B. Why Monitor Budgets?**

**1. Contract Requirements**

- a. Local programs will only be reimbursed for actual, necessary and reasonable costs associated with the administration of the WIC Program.

**2. Funding Levels**

- a. Staying within the authorized budget is critical. Any overspending of WIC budgets will have to be made up from other local funds.

**3. Grant Management**

- a. Assist the State WIC Office in managing statewide grant.

**C. Who Should Monitor the Budget Status?**

- 1. The local WIC Program Director, or contract liaison, is responsible for checking budget status, even if they are not the person preparing the Expenditure Report.

**D. How to Monitor the Budget**

- 1. The easiest way to monitor the local program budget status is to compare the spending rate for each month to the recommended spending rate shown in the table below.

<b>Month</b>	<b>Recommended % Spent</b>
October	8.4
November	16.8
December	25.2
January	33.6
February	42.0
March	50.4
April	58.8
May	67.2
June	75.6
July	84.0
August	92.4
September	100

**D. Computing a spending rate can be determined at the end of each month by adding the line items:**

- 1. Expenditures: What has been paid for services or goods already received; money spent (personnel, indirect, operating expenses, etc.) from the month's expenditure report; plus
- 2. Obligations: Owing for services received in the month but not yet paid (e.g., rent which might only be paid quarterly).
- 3. Divide the total of expenditures and obligations by the total amount budgeted, this will provide the percentage spent.

- a. As it is determined whether or not the spending rate is “in line,” necessary adjustments can be made. This ingoing budget analysis will help prevent overspending.
- E. Expenses can be projected to the end of the fiscal year. Refer to the Recommended Spending Pattern table. Compare the percentage the local program has with the recommended percent spent for the month. This will provide at a glance whether or not local program is staying within budget limitations.
  1. After the current spending rate has been checked, expenses to the end of the fiscal year can be projected, include in the calculations any anticipated one-time expenses. One-time expenses might be nutrition education materials not yet purchased, funds set aside for a workshop, and a June rent increase and so forth.
  2. Projecting to the end of the year will tell whether or not the local program has sufficient funds left for one-time and ongoing expenses and will alert to a need to reduce spending if necessary.

## **XVII. Contract Modifications**

### **A. Contract Modification**

1. Contracts may be modified during the contract year to allow for changes in the funding, agencies or FTE's.
2. Requests for modifications from local programs must be in writing and describe in detail the proposed change. Contact with the State WIC Office prior to the written request is encouraged.
3. Modifications are requests for additional funds and reviewed on a case-by-case basis. As a guideline, modification may be approved portable equipment to start up a new satellite or out-lying clinic, unpredictable excess hours due to migrant influx, or computer related phone lines.
4. Within 10 days of receipt of the request, the WIC program Coordinator and Contract Services Program Specialist will review the request.
5. Additional information, if needed, will be requested within 5 days of the initial review.
6. Requestors will be notified in writing of approval or denial of the request within 20 days of receipt of a complete request.

## **XVIII. Equipment Purchase/Inventory**

### **A. Purchasing Criteria**

1. Individual equipment costing \$1,000.00 or more utilizing WIC funds must be requested 45 calendar days prior to the planned expenditure and written approval from the State Office must be received prior to purchase.
2. Individual purchase over \$5,000.00 must be approved by the USDA Regional Office through the State WIC Office. In addition, certain automated data



processing must receive Regional approval. Contact the State WIC Office for guidance.

3. All computer equipment purchase must be approved by the State WIC Office prior to purchases, with the exception of supplies (i.e., printer ribbons, computer paper or diskettes).
4. Special purchase of medical equipment, such as HemoCues, is allowed for certification purposes if prior approval is received from the State WIC Office (approval required regardless of cost).
5. If approval is given and equipment is purchased, it becomes the property of the State WIC Office.

**B. Equipment Inventory Criteria**

1. Notify the State WIC Office when equipment, or items with a useful life of more than 1 year, is received. Various property tags are assigned depending on acquisition cost and must be supplied by the State WIC Office. Property tags must be placed in a conspicuous place on all items purchased solely with WIC funds (i.e., desks, scales, cabinets, computers, etc.)
2. In the event the project ceases its "local program" relationship with the State WIC Office, all equipment and supplies, regardless of their cost, must be returned to the State WIC Office.
3. Notify State WIC Office personnel whenever equipment becomes obsolete or worn out. State WIC Office staff will make arrangements to surplus equipment and purchase new equipment if necessary.
4. The State WIC Office will assist in providing temporary equipment in emergency situations.

**C. Expenditure Report**

1. This report is used to list expenditures paid (obligations incurred) by the local agency under the terms of the contract.
2. The Expenditure Report is to be completed for each month and submitted by the 28th of the following month to the State WIC Office unless an alternate date has been negotiated and written approval granted.
3. DPHHS has no obligation to reimburse Expenditure Reports submitted beyond the contractual submittal date or any adjustment to expenses reported more than 90 days after actual expenditure.
4. Expenditure reports are to be signed by both the preparer and local WIC Program Director. This ensures that both parties are familiar with the financial status of the local program.

**D. Line Item Expenditures**

1. The form is self-explanatory. All information must be accurately filled in before reimbursement will be approved.

2. If personnel or other expenditures reported are not complete for the reporting period, an explanation of this discrepancy must be attached to the Expenditure Report and signed by the local WIC Program Director.
3. Adjustments for missed or corrected expenditures from previous month (or up to 90 days) must be shown in adjustment column with an explanation written on back of form.
4. Illegible and unsigned reports will be returned for correction before being processed at State WIC Office.
5. The Expenditure Report is reviewed at the State WIC Office by comparing the current report with the prior month's report, year to-date available hours and budget limits set in the contract.
6. The State WIC Office staff will contact the preparer for clarification of incomplete or inaccurate reports. Minor errors will be corrected at the State WIC Office and a corrected copy sent to the preparer for reference.
7. Once deemed accurate and complete, the Expenditure Report is approved and payment is processed. Reimbursements are based on actual and approved expenses.
8. Final expenditures for the contract year (September) must be kept separate from new contracts expenditures and not included on a new contract Expenditure Report (October, November, etc.).
9. Any expenditure made or obligated prior to October 1 must be included on the Final September Expenditure Report.
10. The easiest, most direct way to account for local agency expenses is to pay them before the fiscal year ends.
11. Program expenditures for supplies, equipment, etc. should be ordered two or three months prior to September 30.
12. Receive and pay bills prior to September 30.
13. Send the final revised Expenditure Report to the State WIC Office before December 31 for closing-out the contract. Any revised reports received after 60 days from contract year end are not eligible for payment with WIC funds.
14. If you will not have any outstanding bills, or accruals, submit your September Expenditure Report with "FINAL" marked in the upper right hand corner of the form.

**E. Required Documentation**

1. All expenses reported to, and reimbursed by, the State WIC Office must be documented to meet audit requirements. Documentation should be attached to the local program file copy of the Expenditure Report to ease the review process.
2. Documentation, in its simplest form, would be to attach the actual bill to the Expenditure Report.

3. If this is not possible, copies of the bills can be attached or provide a list, broken down by line item, of where the particular bills can be found (if they are attached to a warrant or voucher, list the corresponding voucher or warrant number and the location of these files). Also, copies of timesheets or their location should be shown.